TD

Distr.
LIMITED
TD/B/SC.7/L.5/Add.1
28 August 1967
Original: ENGLISH

United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD
Fifth session
Sessional Committee

Draft report of the Sessional Committee

Rapporteur: Mr. E. TREU (Austria)

Chapter III

REPORT OF THE COMMITTEE ON MANUFACTURES

(item 6 of the agenda)

1. The report of the Committee on Manufactures on its second session (TD/B/134) was introduced by its Chairman, Mr. M. Sakellaropoulo (Canada). In connexion with its consideration of that report the Sessional Committee also took into account the report of the Group on Preferences on its second session (TD/B/134, annex I) which was introduced by the Group's Chairman, Mr. A. Mahmood (Pakistan). In addition, the attention of the Board was drawn to the report of the ad hoc Joint UNCTAD/FAO Working Party on Forest and Timber Products (TD/B/C.2/18) which had been considered by the Committee on Manufactures (TD/B/134, paras. 34-43).

2. It was widely agreed that the rate of increase in the exports of manufactures and semi-manufactures from developing countries was not as satisfactory as might be desired when viewed in relation to the foreign exchange needs of these countries, and that, despite some favourable features in the growth of this trade, much greater efforts were required to raise their export earnings to a level commensurate with their development needs. The representatives of some socialist countries of Eastern Europe drew attention to the increase in their countries' trade with the developing countries and to the steps which they had taken to implement the recommendation in annex A.III.7 to the Final Act of the first Conference, in particular in respect to the negotiation of long-term bilateral agreements with the developing countries. They also expressed the view that the continuance of this trend would depend on the extent to which the developing countries followed the recommendations of the first Conference concerning the granting to the socialist countries of Eastern Europe treatment not less favourable than that granted to their trading partners among the developed countries.

3. The view was expressed that the question of the granting of preferences for manufactures and semi-manufactures on a non-reciprocal, non-discriminatory basis in favour of the developing countries was mature for consideration at the second session of the Conference. Such consideration should lead to agreement on the main outlines of such a scheme of preferences, and it was hoped that the developed countries would be in a position to present the main outlines of such a scheme by the time of the second Conference. It was agreed that governments should give serious study before the second Conference to the report of the Group on Preferences, which constituted a record of discussions at a high technical level, and also to the detailed and well prepared secretariat document submitted to the Group.

4. The representatives of developing countries stressed that a scheme of preferences should include special provisions for the least advanced among the developing countries and, in particular, provisions concerning technical and financial assistance and assistance conducive to the establishment of regional and sub-regional markets to promote the industrialization of developing countries. They stressed that provision should be made for the compensation for those developing countries which would forgo certain advantages accorded to them under existing schemes. They considered furthermore that the scheme of preferences should cover all manufactured and semi-manufactured products from developing countries, with minimum exceptions, and in particular cover processed agricultural and other processed primary products. In this context, the problem of synthetics and substitutes would need to be examined.

5. The representatives of developing countries stressed the need for formulating a programme for the liberalization of trade and in particular for the removal of non-tariff barriers, such as quantitative restrictions, affecting the products of developing countries; in this context they stressed the need for a study of the circumstances in which importing countries claimed that imports from developing countries caused market disruption. In the opinion of these representatives, an effort should be made to establish objective economic criteria, including the need for appropriate international consultation, which would govern cases where importing countries might take action to restrict particular imports from the developing countries.

6. With regard to the Kennedy Round negotiations, divergent views were expressed by the representatives of developed and developing countries on the extent to which the developing countries had benefited from this Round. The representatives of the developed market economy countries considered that there had been positive results

for the developing countries from these negotiations, but that, in any case, it was premature to attempt to draw any definite conclusion before the evaluations being undertaken by the governments themselves and by the secretariats of UNCTAD and GATT were available. The representatives of the developing countries expressed the view that the results could not be regarded as satisfactory since these negotiations had not sufficiently taken into account the interests of these countries. Furthermore, they considered that appropriate action should be taken before the second Conference in respect of certain issues left unsettled by the Kennedy Round negotiations, including the advance implementation in full of the tariff reductions in favour of the developing countries.

7. Appreciation was expressed of the work being done by UNCTAD in conjunction with the Customs Co-operation Council on the reclassification of certain items in the tariffs (TD/B/134, para. 28). It was considered that the success of this work in respect of hand-loom textile products should be followed by an examination of the possibilities for a reclassification of other tariff items. In this connexion, the action taken by the Nordic countries in reclassifying hand-loom fabrics as a separate item in their tariffs was commended. It was considered essential for the successful continuation of this work that developing countries should prepare lists of products concerning which they wished the possibilities for tariff reclassification to be examined and that they should supply samples, as had been done in respect of hand-loom textile products.

8. There was a consensus that the second Conference might fruitfully examine a programme for the promotion of exports of manufactured and semi-manufactured products. Whilst it was recognized that the primary responsibility for export promotion must lie with the developing countries, it was also recognized that it was equally important that action be taken by the developed countries and the United Nations and other competent international organizations in assisting the developing countries in their export promotion efforts. There was general recognition of the importance of achieving a co-ordinated and co-operative approach in trade promotion matters, as envisaged in the present discussions between UNCTAD and GATT (TD/B/134, para. 75). It was hoped that this approach would result in the more effective utilization of available resources and lead to more concerted action by the United Nations in the field of export promotion. Further, it was considered that the rationalization of United Nations activities in respect of export promotion should facilitate the

re-orientation of United Nations technical assistance in this important field. The above measures were considered to be in the interest of both the developed and the developing countries.

9. It was recognized that the industrial development needs of the developing countries and in particular of the least advanced among the developing countries required concerted action by the United Nations. In this connexion the close co-operation between UNCTAD and UNIDO and the regional economic commissions was welcomed.

10. There was general agreement on the value of the country surveys and sector studies (TD/B/134, chapter IV). It was suggested that these studies should be extended to cover more countries and in particular more of the least advanced of the developing countries. The suggestion was made that in these studies the demand aspects as well as the supply aspects and regional industrial development could be considered. It was stressed that the secretariat, in consultation with the countries and regional economic commissions concerned, should review from time to time the action which had been taken by the countries concerned in pursuance of the recommendations contained in the studies. The view was expressed that wider publicity should be given to country studies. In respect of the studies of particular sectors of industry it was suggested that it was important to examine sectors of industry other than those related to the processing of agricultural and primary products.

11. In reviewing the work of the ad hoc Joint UNCTAD/FAO Working Party on Forest and Timber Products, the Committee noted the usefulness of working parties of this type which dealt with specific sectors and had well-defined terms of reference. It was generally agreed that another meeting of the Working Party should be convened to consider inter alia the setting up of tropical timber bureaux and the obtaining of market intelligence information. In regard to the tropical timber bureaux, the representatives of some of the developed countries indicated the willingness of their Governments to give technical assistance to such bureaux if they were established, but stressed that such bureaux would have to be administered efficiently and have well defined functions. The representatives of developing countries suggested that the Working Party might, in the future, consider such additional matters as trade among the developing countries in timber products, pulp and paper, tanning extracts, freight rates, the classification of tropical timber for tariff purposes, and also timber products from the temperate zones as well as products of tropical timber. It was recommended that the terms of reference of the Joint UNCTAD/FAO Working Party on Forest and Timber Products be amended to cover trade among the developing countries as well as exports to the developed market economy countries and to the socialist countries of Eastern Europe.

12. There were divergent views as to when the Working Party should be re-convened. Whilst the representatives of developing countries considered that it should be re-convened before the second Conference, the importance was stressed of adequate preparation of background material for the success of the Working Party's meeting. It was agreed that the question of the date for the re-convening of the Working Party should be referred to the Board for consideration under item 17 of its agenda (Review of the calendar of meetings).

13. With regard to the item on the draft provisional agenda for the second session of the Conference entitled "Arrangements leading to the reshaping of existing international division of labour", no agreement had been reached either at the Board's fourth session or at the second session of the Committee on Manufactures on the inclusion of this item on the agenda for the second Conference.[1/] The representatives of the developing countries supported the inclusion of this item on the agenda for the second Conference and stressed that a new international division of labour was required if the developing countries were to achieve the level of development and the role in international trade implied in the recommendations of the first Conference. The representatives of some socialist countries of Eastern Europe endorsed the view of the developing countries on the importance of this item. The representatives of many developed market economy countries considered that this item should not be included in the provisional agenda for the second Conference because it was not clear to them what was envisaged in the wording of this item, and doubted whether any concrete results could be achieved in a discussion of such an item.

14. It was agreed that the question whether this item should or should not be included should be considered by a "contact group" with a view to reaching an agreement.

(To be completed as appropriate)

15. The Sessional Committee noted the reports on the second session of the Committee on Manufactures and the second session of the Group on Preferences as well as the report of the ad hoc Joint UNCTAD/FAO Working Party on Forest and Timber Products, and transmitted them to the Board for appropriate action.

1/ See Report of the Trade and Development Board at its Fourth Session - A/6315/Rev.1, Part Two, Annex, decision 34(IV), item III(e); and the Report of the Committee on Manufactures on its Second Session - TD/B/134, Chapter 5, paras. 78-85.